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INVESTOR ALERT: KGS Announces Initial Filing of Shareholder Class Action Lawsuit Against Netlist, Inc.

Last Update: 11:40 PM ET May 28, 2007

NEW ORLEANS, LA, May 28, 2007 (MARKET WIRE via COMTEX) -- Kahn Gauthier Swick, LLC ("KGS") announces that it has filed the first class action lawsuit against Netlist, Inc. ("Netlist" or the "Company") (NLST), in the United States District Court for the Southern District of New York, on behalf of shareholders who purchased shares of the Company in connection with its Initial Public Offering ("IPO") on or about November 30, 2006, or who purchased shares thereafter in the open market (the "Class Period"). No class has yet been certified in this action.

IMPORTANT: NETLIST SHAREHOLDERS HAVE ONLY UNTIL JULY 27, 2007 TO MOVE FOR APPOINTMENT AS LEAD PLAINTIFF IN THIS SECURITIES CLASS ACTION LAWSUIT. SHAREHOLDERS MAY CONTACT KGS MANAGING PARTNER LEWIS KAHN DIRECTLY TOLL FREE 1-866-467-1400, EXT. 100, OR VIA EMAIL LEWIS.KAHN@KGSCOUNSEL.COM FOR MORE INFORMATION. UNTIL A CLASS IS CERTIFIED, YOU ARE NOT PERSONALLY REPRESENTED BY COUNSEL UNLESS YOU RETAIN AN ATTORNEY.

Netlist, its underwriters, and certain of the Company's officers and directors are charged with including, or allowing the inclusion of, materially false and misleading statements in the Registration Statement and Prospectus issued in connection with the IPO, in violation of the Securities Act of 1933.

The Complaint charges defendants with failing to conduct an adequate due diligence investigation into the Company prior to the IPO. In particular, the Complaint charges defendants with failing to reveal to shareholders, at the time of the IPO, that Netlist was already witnessing adverse effects of an oversaturated computer memory market. This, despite the fact that defendants knew or should have known that the Company had no strategy to allow it to minimize adverse market conditions, contrary to prior representations in road-show presentations to analysts and investors prior to the IPO, and media interviews immediately following the IPO.

On April 16, 2007, after the close of trading, the truth about Netlist was revealed, including the fact that the problems which existed at the time of the IPO would result in extremely disappointing results for the first quarter of 2007. Defendants admitted that the Company was performing well below guidance, that earnings would be almost 75% lower than previous forecasts, and that expenses were higher than expected. This, after defendants and other Company insiders liquidated over \$6.5625 million of their personally held shares in connection with the IPO.

As a result of this news, Netlist's stock price collapsed the following trading day. Shares of Netlist fell almost 30% in a single trading day on huge volume of 1.783 million shares -- falling to approximately \$4.29 per share -- and amounting to a decline of almost 40% compared to the November 2006 IPO Offering price, and a decline of almost 70% compared to Netlist's trading period high of more than \$12.00 per share.

If you wish to serve as lead plaintiff in this case, you must move the Court no later than July 27, 2007. Any member of the purported class may move the Court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain an absent class member. If you would like to discuss your legal rights, you may e-mail or call KGS, without obligation or cost to you. You may contact Managing Partner Lewis Kahn of KGS direct, toll free 1-866-467-1400, ext. 100, or by email at lewis.kahn@kgscounsel.com. To learn more about this case or KGS, you may visit www.kgscounsel.com.

SPECIAL NOTICE: While federal law does not prohibit other lawyers from "announcing" this class action through the issuance of other press releases, KGS is the law firm that researched, investigated, drafted and filed the securities fraud case against Netlist. If you are a Netlist shareholder who decides to contact one of these lawyers, KGS reminds

you to fully interview any such lawyer to assure that they thoroughly understand the facts surrounding the substantive claims KGS has filed in Court. It is critically important that interested parties carefully evaluate any other firm that may be competing with KGS to prosecute the Netlist class action. Critical components of a law firm's ability to successfully prosecute this action and obtain a strong recovery for you include its knowledge of applicable federal securities laws, the resources it will dedicate to prosecution of the case, including the number of lawyers the firm has available for the Netlist class action, AND especially the quality of the firm's work.

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